

107TH CONGRESS  
1ST SESSION

# H. R. 540

To authorize the Small Business Administration to make grants and loans to small business concerns, and grants to agricultural enterprises, to enable such concerns and enterprises to reopen for business after a natural or other disaster.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2001

Mrs. KELLY introduced the following bill; which was referred to the  
Committee on Small Business

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## A BILL

To authorize the Small Business Administration to make grants and loans to small business concerns, and grants to agricultural enterprises, to enable such concerns and enterprises to reopen for business after a natural or other disaster.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Small Business Dis-  
5       aster Assistance Act of 1999”.

1 **SEC. 2. DISASTER ASSISTANCE TO REOPEN SMALL BUSI-**  
2 **NESS CONCERNS AND AGRICULTURAL EN-**  
3 **TERPRISES.**

4 Section 7 of the Small Business Act (15 U.S.C. 636)  
5 is amended—

6 (1) in subsection (b), by inserting before the  
7 undesignated paragraph that begins with “No loan  
8 under this subsection,” the following:

9 “(4) In accordance with subsection (o), the Adminis-  
10 tration may make grants and loans under this sub-  
11 section.”; and

12 (2) by adding at the end the following:

13 “(o) DISASTER ASSISTANCE PROGRAMS TO REOPEN  
14 SMALL BUSINESS CONCERNS AND AGRICULTURAL EN-  
15 TERPRISES.—

16 “(1) GRANT PROGRAM.—

17 “(A) IN GENERAL.—In accordance with  
18 this subsection and subsection (b) (to the extent  
19 that subsection (b) is not inconsistent with this  
20 subsection), the Administration may make  
21 grants to small business concerns and agricul-  
22 tural enterprises following a natural or other  
23 disaster to assist such concerns and enterprises  
24 in reopening for business.

1           “(B) ELIGIBILITY.—A small business con-  
2           cern or agricultural enterprise may receive a  
3           grant under this paragraph only if it—

4                   “(i) was a viable business concern (as  
5                   determined by the Administration) at the  
6                   time of the disaster; and

7                   “(ii) is likely to be a viable business  
8                   concern (as determined by the Administra-  
9                   tion) after receiving assistance under this  
10                  subsection.

11           “(C) MAXIMUM.—The Administration may  
12           make no grant under this paragraph that ex-  
13           ceeds \$30,000.

14           “(D) TIMING.—In making grants under  
15           this paragraph, the Administration shall dis-  
16           burse grant funds as soon as is practicable  
17           after a disaster.

18           “(2) LOAN PROGRAM.—

19                   “(A) IN GENERAL.—In accordance with  
20                   this subsection and subsection (b) (to the extent  
21                   that subsection (b) is not inconsistent with this  
22                   subsection), the Administration may make loans  
23                   to small business concerns following a natural  
24                   or other disaster to assist such concerns in re-  
25                   opening and remaining open for business.

1           “(B) DIRECT AND GUARANTEED LOANS  
2           PERMISSIBLE.—The Administration may make  
3           loans under this paragraph either directly or in  
4           cooperation with banks or other lending institu-  
5           tions through agreements to participate on an  
6           immediate or deferred (guaranteed) basis.

7           “(C) REPAYMENT.—

8           “(i) ONE-YEAR DEFERRAL.—The Ad-  
9           ministration may not require the borrower  
10          with respect to a loan made under this  
11          paragraph to repay any principal of the  
12          loan, or any interest on such principal, be-  
13          fore the date that is 1 year after the date  
14          on which the proceeds of the loan are dis-  
15          bursed.

16          “(ii) APPLICATION OF REPAYED  
17          AMOUNTS.—The Administration shall  
18          apply all amounts repaid with respect to a  
19          loan made under this paragraph—

20                 “(I) to the principal of the loan;

21                 and

22                 “(II) to the extent that such  
23                 amounts are sufficient, to the interest  
24                 on such principal.

1           “(3) LIMITATION ON ELIGIBILITY.—Notwith-  
2           standing any other provision of this subsection, the  
3           Administration may not make assistance available  
4           under this subsection to any person, concern, or en-  
5           terprise that is in default of any outstanding—

6                   “(A) Federal obligation;

7                   “(B) child support obligation; or

8                   “(C) judgment of a Federal or State court.

9           “(4) USE OF PROCEEDS.—As a condition of re-  
10          ceiving a grant or loan under this subsection, the  
11          Administration shall require the recipient to—

12                   “(A) agree to use the proceeds of such  
13                  grant or loan only to repair or replace items  
14                  and structures that were lost or damaged as a  
15                  result of a disaster; and

16                   “(B) agree not to use any of the proceeds  
17                  of such grant or loan for relocation, unless the  
18                  recipient is directed by a government agency to  
19                  relocate for safety, health, or mitigation pur-  
20                  poses.

21          “(5) FLOOD INSURANCE.—As a condition of re-  
22          ceiving a grant or loan under this subsection, the  
23          Administration shall require each recipient that op-  
24          erates in a location that the Administration deter-  
25          mines is prone to flooding—

“(A) to obtain flood insurance, or to ensure that such insurance is obtained, for the maximum insurable value of the concern’s structure (whether owned or leased) and the contents of such structure; and

“(B) to maintain such flood insurance for the period of time that the concern continues to operate in such a location.

“(6) AGRICULTURAL ENTERPRISES.—

“(A) DEFINED.—In this subsection, the term ‘agricultural enterprise’ means—

“(i) an agricultural enterprise within the meaning of the term under section 3(a); and

“(ii) a farm not larger than a family farm within the meaning of such term under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961).

“(B) CONSULTATION REQUIREMENT.—Before issuing regulations to implement paragraph (1), the Administration shall consult with the Secretary of Agriculture with respect to the effect of such regulations on agricultural enterprises.”.

1 **SEC. 3. CONFORMING AMENDMENT.**

2       Section 4(f)(1) (15 U.S.C. 633(f)(1)) of the Small  
3 Business Act is amended by striking “section 462(b) of  
4 the Social Security Act” and inserting “section 459 of the  
5 Social Security Act”.

6 **SEC. 4. APPLICABILITY.**

7       The amendments made by section 2 shall apply to  
8 any major disaster declared after September 1, 1999.

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